

Comparative Assessment

Task Force on Health Planning Reform

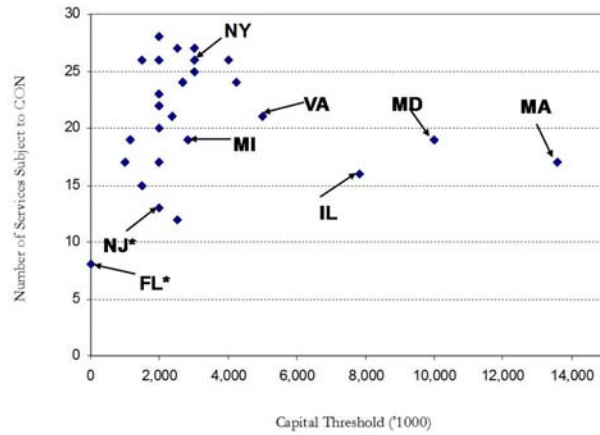
By Kyusuk Chung, Ph.D

Selection of Four States

- ▶ New York, Michigan, New Jersey, and Florida
- ▶ Three Selection Criteria
 - ▶ States that have healthcare systems similar to Illinois
 - ▶ States that have a level of CON regulation similar to Illinois
 - ▶ States that have shown different directions for future CON reform

		# of Beds			
		Elderly	Hospital	NH	Resd. F.
Florida	2,963	56	80	77	
NY	2,423	64	123	41	6
IL	1,500	47	125	9	4
MI	1,219	28	50		2
NJ	1,113	27	53	7	2

Stringency of CON Regulation



Comparison Issues

- ▶ How do steps taken to determine the course of action differ?
- ▶ How does call structure differ?
- ▶ How do planning area and migration adjustment methods differ?

How do steps taken to determine the course of action differ?

- ▶ NY has been inactive in taking steps to determine the best course of action for CON board and CON process
- ▶ NJ and FL follow the path toward CON repeal
- ▶ MI has taken steps to strengthen CON

Time Line for CON Reform

	FL	NJ	IL	MI
Increase threshold capital expenditure/medical equipment	1987, 1997(repeal it)	2M 2M	2000 2003 8M 7M	Any amount for equipment
Remove CON from equipment	1997	Exempt	2003	
Phased-in deregulation	1987, 2004 Licensure law replaces CON	1996, 1998 (exempt ASC) Licensure law replaces CON	2000	
The latest year of CON reform	2005 (Remove CON from beds addition)		2003	
Commission report on excess capacity in acute hospitals and NH		2006 (NY) 2008 (NJ)		

Florida's CON Appeal

- ▶ In 2008, the Florida governor proposed CON repeal.
 - ▶ The CON process involves delays due to lawsuits by local competitors. Since the August 2005 CON batch cycle, 20 of the 27 CON applications are still in litigation.
- ▶ For the 2005 CON batch cycle for Hospital Beds and Facilities, 28 out of 38 CON applications (80%) were denied; 2 withdrawn.
- ▶ For the 2007 CON batch cycle for Hospital Beds and Facilities, only 5 out of 23 CON applications (22%) were denied; 4 withdrawn.

Michigan's CON Appeal

- ▶ A lack of clarity regarding both process and standards in CON resulted in the overturning of too many CON decisions by the courts
 - ▶ In 1997, the then Governor, John Engler, appealed decisions in two longstanding certificate-of-need cases to higher courts. Lower courts had overturned agency denial on two construction projects. Both cases originated in the mid-1980s.
- ▶ Instead of repealing or significantly scaling back CON law, Michigan took steps to develop/improve/update review criteria and standards.
- ▶ In 2005, the Michigan Supreme Court refused to hear appeals by existing hospitals against the projects transferring hospital beds in Detroit to new sites in Detroit suburbs.

Michigan: Monitoring Post-CON Compliance

CON Review Standard	# Facilities Reviewed	# Not Meeting Project Delivery Requirements	%
Surgical	217	58	27%
Cardiac catheterization	66	5	8%
Pancreas transplants	2	1	50%
Megavoltage tomography	188	27	14%

New Open Heart Surgery	IL	NY	MI	NJ
Min. for applicant by 3 rd year	200	500	300	350
Min. for each existing provider per year	350	500	350	350

Michigan: Update CON Standards

Note: New or revised standards may include the provision that make the standard applicable, as of its effective date, to all CON applications for which a final decision has not been issued.

	2007												2008											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Air Ambulance Services	PH																							
Cardiac Catheterization Services																								
Computed Tomography (CT) Scanner Services	PH																							
Hospital Beds																								
Magnetic Resonance Imaging (MRI) Services																								
Megavoltage Radiation Therapy (MRT) Services/Units**																								
Nursing Home and Hospital Long Term Care Unit Beds**	PH																							
Open Heart Surgery Services																								
Psychiatric Beds and Services																								
Surgical Services																								
Urology Extracorporeal Shock Wave Lithotripsy Services/Units	PH																							
New Medical Technology Standing Committee Commission & Disparitment Responsibilities																								

Legend:

- PH - Request of proposed standards/documents, proposed Commission action
- PH - Commission meeting
- PH - Staff work/Standard advisory committee meetings
- PH - Commission public/legislative comment
- PH - Current in-process Standard advisory committee or internal Workgroup
- PH - Staff work/Internal Workgroup/Commission Liaison Work/Standard Committee Work
- A - Commission Action
- C - Consider proposed action to delete service from list of covered clinical services requiring CON approval
- D - Discussion
- F - Final Commission action, Transmittal to Governor/Legislature for 45-day review period
- M - Monitor service or new technology for changes
- PH - Commission public hearing/Legislative comment period
- PH - Public Hearing for initial comments on review standards
- R - Receipt of report
- S - Social nominations for standard advisory committee or standing committee membership

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The CON Commission may revise this work plan at each meeting. For information about the CON Commission work plan or how to be notified of CON Commission meetings, contact the Michigan Department of Community Health, Health Policy, Regulation & Enforcement Administration, CON Policy Section, 700 West Capitol Ave, Room 201, Lansing, MI 48913, 517-335-4700, www.michigan.gov/con

How Does Call Structure Differ?

Types of Call	MI	NJ	FL
Batching Cycles	3 cycles for comparative review 1 st of Feb, June, and Oct.	12 cycles for expedited; Different call schedule (ranging from every year to every 5 years) for each of 15 categories subject to full review	Biannually per category: (1) hospital beds and facilities; (2) other beds and programs
Non-batching cycles	1 st day of each month	1 st day of each month	1 st day of each month

Florida: Batching Cycle—2008

1 st Cycle for Hospital Beds and Facilities	Dates
Summary need projections published in F.A.W	1-25-08
Letter of intent deadline	2-11-08
Application deadline	3-12-08
Completeness review deadline	3-19-08
Application omissions deadline	4-16-08
Agency initial decision deadline	6-13-08
1 st Cycle for Other Beds and Programs	Dates
Summary need projections published in F.A.W	4-4-08
Letter of intent deadline	4-21-08
Application deadline	5-21-08
Completeness review deadline	5-28-08
Application omissions deadline	6-25-08
Agency initial decision deadline	8-22-08

How do Planning Area and Migration Adjustment Differ?

Planning Area	IL	MI	NY
# Planning Area	40	65	62
Basis	Community Area/Township	Zip code	County
PA overlap?	No	Yes	No

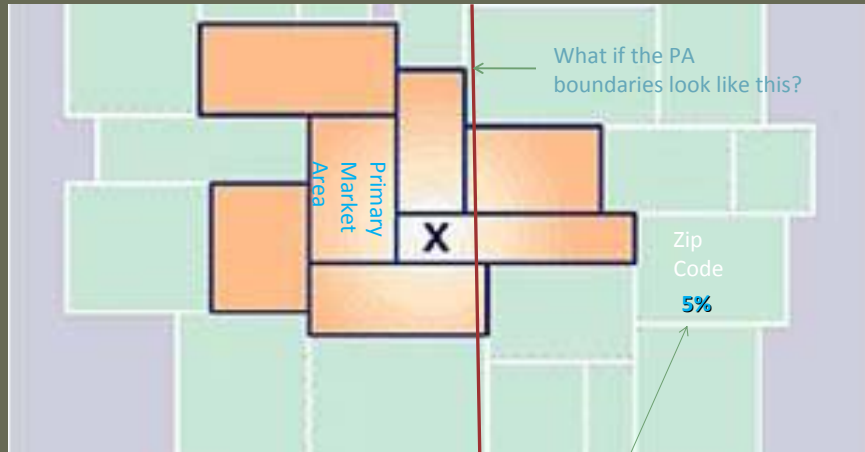
Migration Adjustment	IL	MI	NY
Facility-based?	Partly*	Yes	No
Use of Region Rate?	No	No	Yes
Migration Adjustment Factor?	Yes	No	No

* Three principals take into account facility-based service area

IL: Migration Pattern Across Planning Areas

	Planning Area of Hospitalization									
	HPA	A-01	A-02	A-03	A-04	A-05	A-06	A-07	A-08	6 states
Planning Area of Residence	A-01	0.67								0.00
	A-02		0.60							0.00
	A-03			0.54						0.02
	A-04				0.69					0.06
	A-05					0.70				0.01
	A-06						0.57			0.00
	A-07							0.74		0.01
	A-08								0.61	0.01

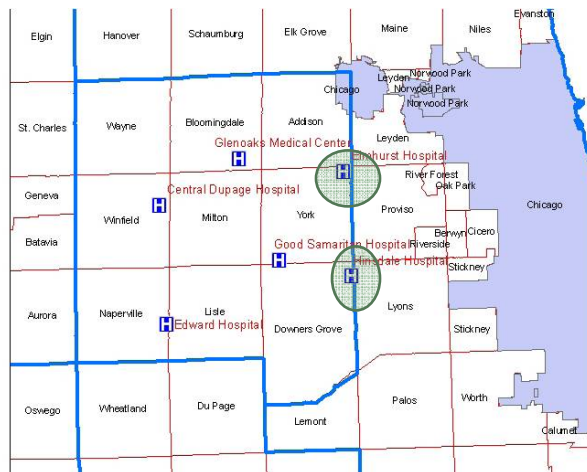
Facility-defined Market (Service) Area for Hospital X



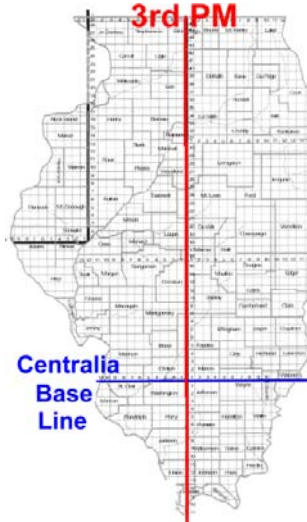
5% of total admissions to the Hospital X come from that zip code.

Real Example: DuPage, A-05

Two hospitals, Elmhurst Memorial Hospital and Hinsdale Hospital, are near the boundary of the planning area, A-05.

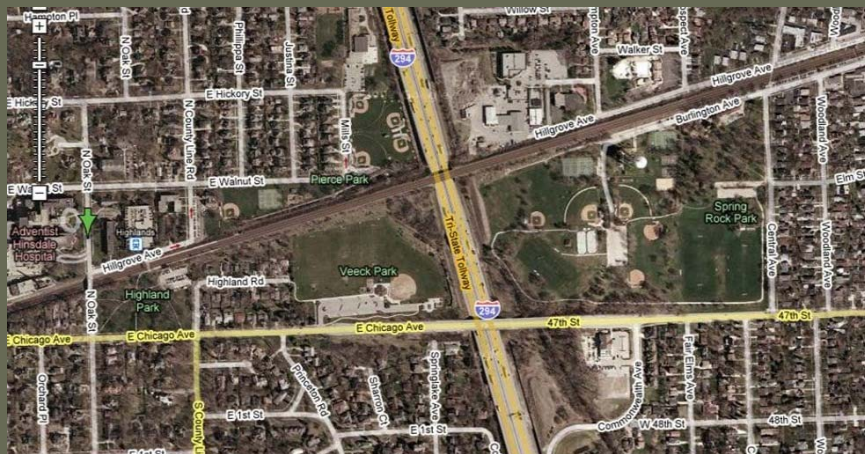


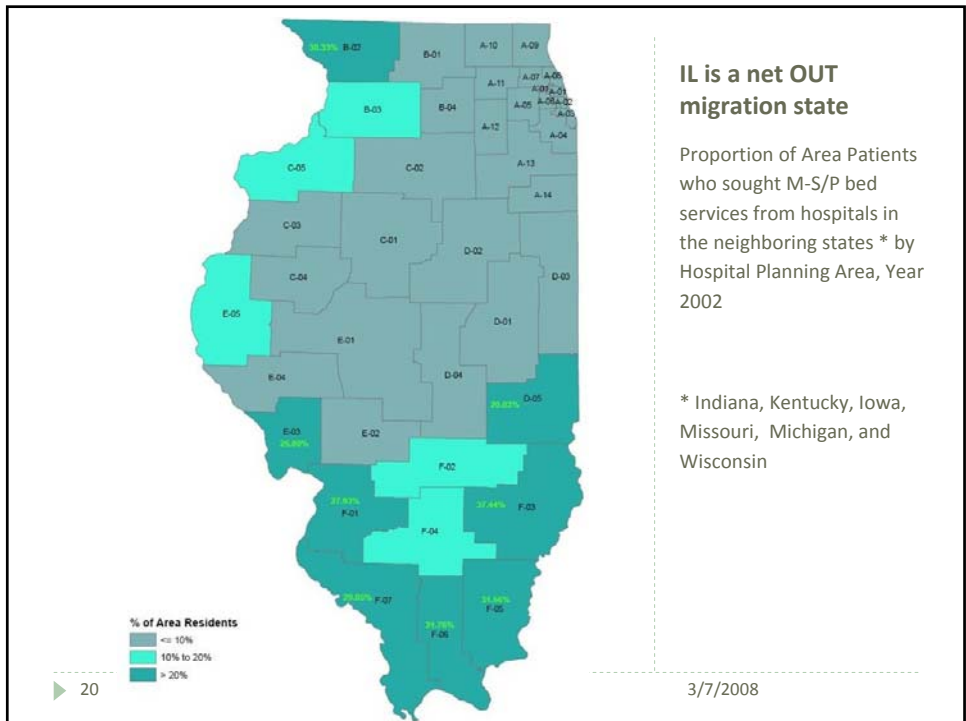
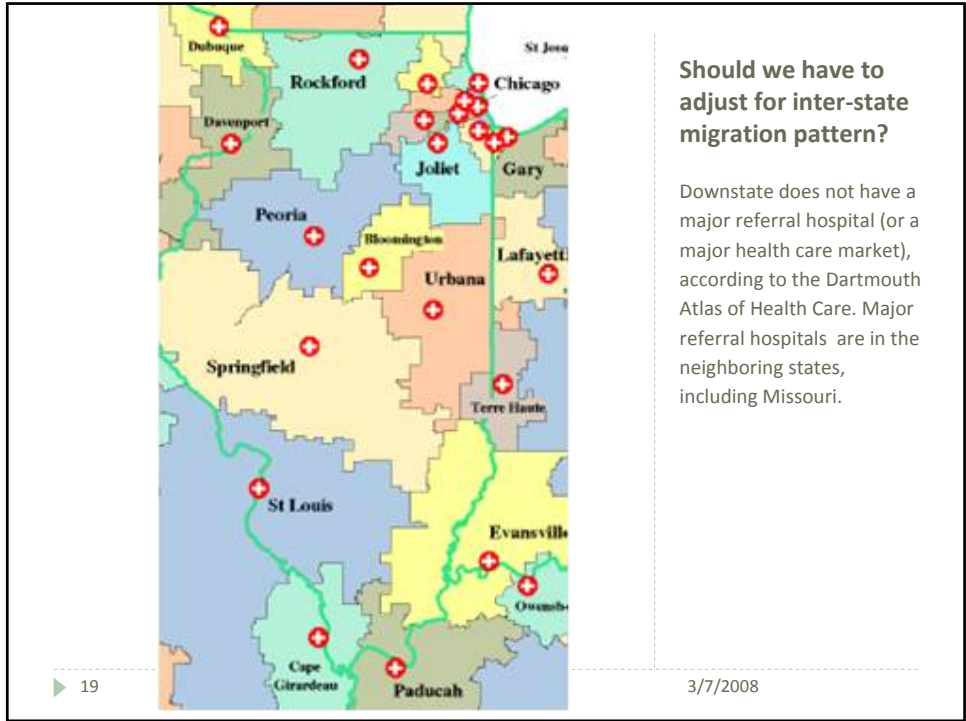
Townships measures 6 miles by 6 miles are based on Land survey system used in IL



Satellite Picture of the East of Hinsdale Hospital

The Planning Area boundary is not a barrier to patient migration.





Example: Kenneth Hall Hospital

- ▶ The only full-service hospital in East St. Louis
 - ▶ Kenneth Hall Hospital tries to move testing services. The inner city residents lose outpatient facility and rally against movement.
 - ▶ Declining patient population is an issue for the hospital's attempt to merge
 - ▶ It is located in the planning area, E-03

Before and After Taking into Account Inter-state Migration

Planning Area	Before			After			% Change
	OUT	IN	Net	OUT	IN	Net	
E-01	2643	13018	-10375	3059	13385	-10325	-0.5
E-02	4197	366	3830	5068	395	4673	22.0
E-03	1781	136	1645	3020	146	2874	74.7
E-04	2586	769	1817	2940	806	2134	17.4
E-05	1299	642	657	2855	2171	684	4.1

Summary

- ▶ Phased-in implementation of deregulation as begun in Florida and New Jersey.
- ▶ Batch processing as used by Florida, Michigan and New Jersey
- ▶ Michigan's efforts to update and enforce review criteria and standards, and monitor performance
- ▶ Inter-state migration for determining hospital bed needs